The Power of Public-Private Partnerships

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How both sectors can collaborate to tackle global challenges.

Current global challenges are daunting. We’re **not on track** to reach the Sustainable Development Goals by 2030. In fact, the United Nations warns that we’ve entered an age of “polycrisis” in which increased conflicts, the climate emergency and widening economic and social disparities threaten our collective future.

The public sector can’t address this sobering reality on its own.

When well-planned and well-executed, public-private partnerships (PPPs) – where firms collaborate with public-sector entities such as government agencies and international organisations – can be an effective force to tackle global problems. For example, PPPs can deliver (or have delivered) positive impacts in **public health and HIV/AIDS containment**, **infrastructure projects in Indonesia** and **education in Pakistan**.

PPPs can create value for each partner by leveraging complementary competencies. They help public organisations allocate resources, **spread risk** and foster innovation and knowledge transfer. For companies, they can extend reach, build networks, create jobs, strengthen their brand, improve employee engagement and bring a company's core **values** to life.

The reality, however, is that PPPs are often more complex than partnerships between two private companies. This is due to the nature and goals of stakeholders involved but also often due to the challenges that PPPs aim to address. They try to contribute to solving the world's most pressing problems by bringing together organisations with different goals, cultures, histories and areas of expertise.

PPP is complicated and both sides have to take a strategic approach to the realities of such cross-sector collaboration.

Working relationships

At their core, PPPs are long-term relationships. Like any relationship, you don't know what it's really like until you're in it. And like any relationship, PPPs need to evolve and innovate over time. Each partnership is different, but we can learn from those that have prospered.

One successful example is the **17-year partnership** between **dsm-firmenich** (previously Royal DSM), a nutrition, health and beauty company, and the World Food Programme* (WFP) to fight malnutrition. Harnessing dsm-firmenich's science innovation and technical expertise and the WFP's nutritional knowledge, the partnership, in collaboration with other partners, has co-created ten nutritionally enhanced foods. These foods help address **hidden hunger**, which refers to the lack of key micronutrients (vitamins and minerals) which affects at least two billion people worldwide. Each year, WFP distributes these nutritious foods directly to 35 million people, while providing technical support to governments to reach an additional 15 million people through social assistance programmes. The partnership also invests in activities that build capacity for countries to initiate and scale up the production of fortified foods including **fortified rice in 20 countries** and educates millions of consumers about nutrition.

Alignment and commitment

One of the biggest challenges in PPPs is the time frame. Tackling malnutrition around the world is not a quick fix. WFP and dsm-firmenich are working together to address big challenges, which means progress is measured over years, not months.

How do you maintain these partnerships over such long time periods? After all, it’s inevitable that internal shifts, from boardroom reshuffles to staff changes and external stresses, such as economic downturns or political upheavals, could potentially impact these relationships. PPPs require a steadfast commitment to long-term change, achieved through incremental steps.

To ensure these partnerships can be sustained over the long-term, companies should seek out public sector partners with complementary strengths who share their values and purpose. As dsm-firmenich’s CEO, Dimitri de Vreeze wrote in a **World Economic Forum article** in 2022: “Collaborations, however, are never done for the sole purpose of collaboration: it needs to fit into a company’s purpose and long-term vision.”

Both dsm-firmenich and WFP have always shared a vision of a world without malnutrition. The partnership serves more people than either could have on their own by leveraging each party’s strengths: dsm-firmenich’s scientific innovation and WFP’s global network and development expertise. This strategic alignment creates opportunities for large-scale social impact.

PPPs must be owned and sponsored by the heads of each organisation. The leaders of each partner must be a vocal supporter both internally and externally of these highly visible strategic initiatives. From a governance perspective, the partnership’s manager should have a direct reporting line to the top. They must not be housed within a business unit, or they risk being compromised by short-term commercial interests.

PPPs are more sustainable when they are linked to the organisations’ core strategy and are supported from the top. For example, both WFP and dsm-firmenich have experienced leadership change multiple times over the past 17 years. Yet the partnership has strengthened over time because leadership commitment has been constant. This has been the case even through the recent dsm-firmenich merger.

Negotiating cultural differences

Another challenge with PPPs is internal: the different ways in which each organisation works.

Companies that have only collaborated in the private sector may experience “culture shock” with PPPs. In general, decision-making processes in public organisations tend to move at a slower pace than in most firms. This is because public sector organisations, as stewards of public resources, often require extensive consultation and multi-party review of project deliverables – from contracts to targets and reporting – to consider diverse perspectives and ensure full accountability and transparency. On the other hand, companies can typically take swifter action since they are usually beholden to fewer stakeholders.

There is also the reality of market forces. Companies need to earn profits, but public organisations don’t. PPPs need to be structured such that the private partner’s financial interests are met and they can continue to invest in R&D. This will both sustain impact over time and open up opportunities to address new global challenges. All parties benefit when the business is profitable.

The key to negotiating differences is in the hands of each organisation’s project leader. Leaders who manage the PPP have to be more than a technical expert. They act as stewards of the relationship between the organisations, whose primary role is to nurture and strengthen human connections through active empathy. PPPs will be short-lived if relationships suffer. The leader must know when to push, pamper or pause in order to bridge gaps and build connections that drive a shared mission.

The value of trust

Without a doubt, **trust** – which we define as “the business of making and keeping promises” – is the most critical success factor that determines whether or not a partnership lasts.

According to **research on interorganisational relationships**, trust exists when each party has confidence in the other’s integrity and reliability. In other words, do partners perceive each other to be competent? Will they deliver and behave as expected? Trust takes time to develop, but can be destroyed in an instant. In practice, it’s built project by project through the way you communicate and follow through on commitments.

In management, we say that trust is built and maintained through visual cues. In PPPs, partnerships that are transparent foster a high degree of trust; they don’t exaggerate claims and are honest when results don’t meet expectations. On a tactical level, one way to achieve this is to develop impact reports audited by third parties. More broadly, when progress stalls, partners can strengthen trust by focusing on joint learnings to further their shared mission.

Collective efforts for real impact

Essentially, PPPs take time and are hard work. But they’re vital because the big issues of our time can’t be solved by individual actors operating alone.

Effective PPPs need top-down commitment from both sides, alongside a shared strategic vision and flexible project leaders. Above all, they need a strong level of trust between both partners.

Companies and public sector organisations need to work together to develop innovative broad-based solutions to address our world’s greatest challenges. By doing so, they can contribute to a better world, while also discovering unparalleled opportunities for meaningful innovation and growth.

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